

Inequality in aging societies: Generation, age, class?

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Inequalities, fairness and solidarity across generations –
measurement and analysis

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The problem

Two questions:

- What inequalities are typical for current aging societies – those among generations and age groups or those among social classes?
- How are these inequalities mobilized into societal cleavages and conflicts?

1. Generations: The new „social question“?

- The „social question“ in the industrializing world at the end of the 19th century: Integrating the newly forming industrial proletariat
 - Has been achieved through the institutionalization of a stable, well-funded and predictable life course:
 - labor market careers
 - welfare state and institutionalization of retirement
 - family life course and intergenerational exchange
 - The new „social question“ in the aging societies of the 21st century: Maintaining the „generational contract“?
- From class conflict to generational conflict?
- But...
- persistence of distributional and status differences (class)
 - rising „identity“ cleavages (migration, ethnicity, religion, gender)

The public „generational contract“

- 1950's: Concentration of poverty in old age; retirement as „structured dependency“ and social exclusion
- Welfare state expansion: Supporting the „dependent“ periods of the life course (childhood/youth and old age) through the contributions and taxes of the „active“ population
- Public pensions (and health insurance) for the elderly, education and family benefits for children/youth/young adults
- Today: increasing importance of family benefits – but still large imbalance in public transfers in favor of the elderly (ratio old:young in EU ~ 3:1 – with outliers: Italy top, Ireland bottom)

→ Is this a problem?

Age and generation

- Family generations, socio-historical generations (or cohorts)
- Age group vs. generation/cohort: Need for conceptual distinction ! (age groups have changing membership, generations/cohorts have fixed membership)
- Age-period-cohort models (but underspecified)
- Legitimacy and distributional justice:
 - Differences among age groups within stable life course patterns are relatively unproblematic („Complete lives egalitarianism“, see Bidanadure 2014)
 - but differential longevity!
 - Differences among generations are always problematic
 - generational differences are the rule rather than the exception!

Generational mobilization

- Empirical attitudes:
Generational equity is highly valued
→ Potential for conflict: „coming generational storm“
- But generational mobilization is difficult
 - because temporal boundaries of generations / cohorts are unclear
 - because generations are internally differentiated (class, religion, ethnicity, gender...)

Still...

- Major historical revolutions have been driven by youth movements (Bolshevist, Fascist, Arab Spring)
- Generational elites as carrier groups
- Will this be likely for the changing political landscape?

Political behavior: Age group and/or cohort differences

- Attitudes on social policy issues (pensions, education, unemployment):
Modest age differences
 - Political participation:
Very substantial age differences („traditional“ vs. „new“ participation)
 - Issue voting (Bonoli & Häusermann 2009, CH):
Modest/substantial age differences
 - Party voting:
No (US) or counterintuitive (Germany) age differences
 - Party system changes:
Young parties, grey parties?
- No evidence for gerontocracy
- Some age/cohort differences, but little mobilization so far
(with some exceptions: Spain, Italy...)

Why are age/generation conflicts not more salient?

(I) Mediating political institutions

- Parties and unions:
Dilemmas of grey membership and grey power
- Solution through special groups
→ Internalizing age conflicts
- Age conflicts on the open political market are rare:
grey parties (e.g., Netherlands, Slovenia, Serbia),
youth-based social movements (e.g., Podemos, 5Stelle)

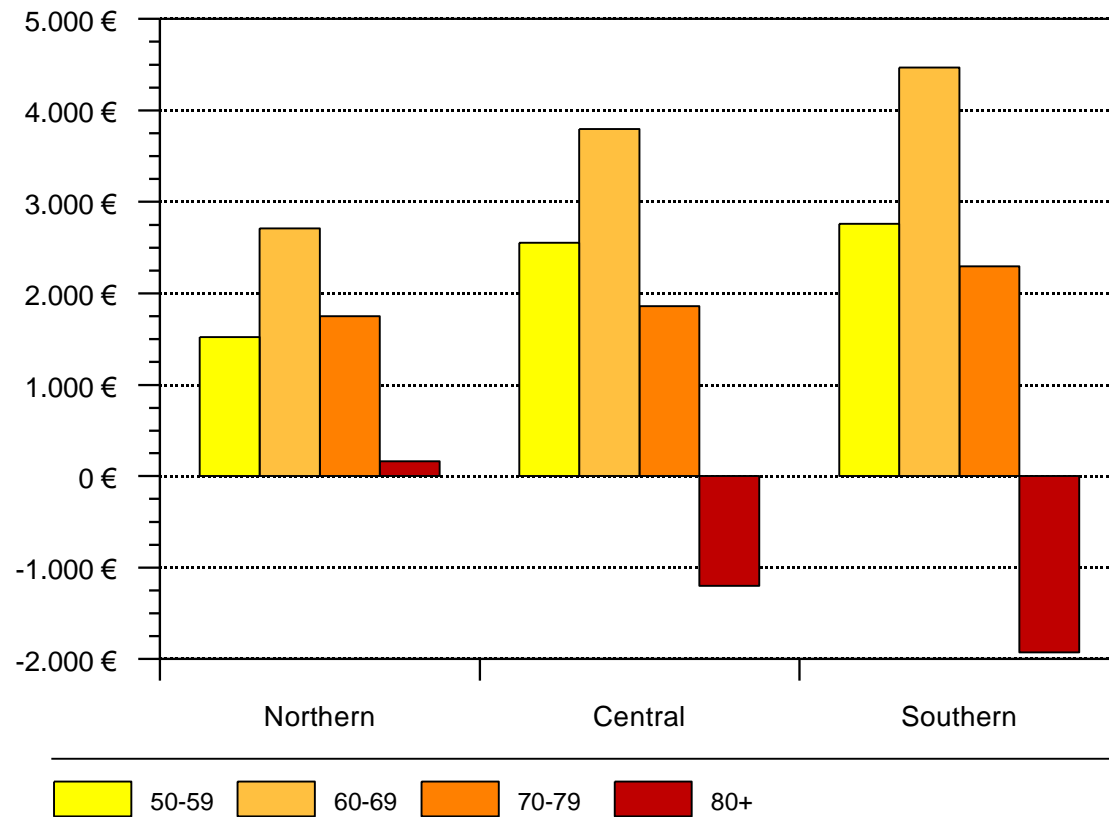
Why are age/generation conflicts not more salient?

(II) Intergenerational family solidarity

- Family is the prototypical institution of age and generational integration!
 - Family relations between adult generations in Europe and North America:
 - Low co-residence (except in Southern Europe), but high geographical proximity
 - High emotional closeness and social support
 - Low prevalence of intergenerational family conflicts
 - Financial transfers:
 - Elderly parents are net givers
 - Oriented towards special needs of children (parental altruism)
 - Bequests/inheritance
 - Social support: also some downward direction
- Intergenerational family transfers flow in the opposite direction of public transfers and buffer problems of young adults

Balance of financial transfers and social support between parents and adult children by age of parents and welfare regime

Kohli et al. 2015 (SHARE 2004)



2. Class: A come-back

- The end of the end-of-class discourse:
Growing income and wealth inequality within the rich countries
(*Klasse an sich*)
- Increasing public attention to it
- But (so far) growing difficulty in mobilizing these cleavages
(*Klasse für sich*)

Class across the life course: Two opposite assumptions

- Cumulative advantage/disadvantage over the life course (Dannefer 1988, O'Rand 2006)
 - differences among individuals grow stronger with age
 - differences among social groups may also increase
- Age as equalizer?
e.g., intragenerational redistribution through the public pension system – but limited:
 - Bismarckian systems link pensions to work incomes
 - low pensions for those with precarious work careers
 - Beveridgean systems have low first-pillar pensions
 - class inequalities through second and third pillar

Class inequalities in old age

- The cumulative (dis)advantage model fits the evidence better
- A growing elderly population is likely to increase overall class inequalities because important life course outcomes are socially stratified (income/wealth, morbidity/mortality, functional capacities, social inclusion)
- These class inequalities are partly moderated by welfare state redistribution and are deepened by welfare state retrenchment

Intergenerational family solidarity: Moderating or reinforcing class differences?

- Families are particularistic: benefitting their members
- Inter vivos transfers: mixed evidence
 - Rich parents are more likely to give, and give higher amounts
 - But the effect on the mid-life receiving generation may still be to reduce income inequality (Attias-Donfut & Wolff 2000; Kohli et al. 2009)
- Inheritance: mixed evidence
 - Wealthy parents are more likely to bequest, and bequest higher amounts (Szydlik 1999)
 - But the effect of bequests may still be to somewhat reduce overall wealth distribution (Kohli et al. 2006)
 - Contextual conditions! (taxation, family demography)

U.S. life expectancy differentials at age 65 (2010)

(Olshansky et al. 2012)

<i>Sex/Education</i>	<i>Whites</i>	<i>Blacks</i>	<i>Hispanics</i>
Women, <12 years	17.7	18.6	21.6
Women, 16+ years	21.7	20.3	22.4
Men, <12 years	14.8	14.9	18.9
Men, 16+ years	19.7	18.5	20.7

Life expectancy differentials at age 65 for German men (2003)

(Shkolnikov et al 2008)

- Among pension income quintiles, life expectancy at age 65 in 2003 ranged from 14.9 to 18.5 years (Shkolnikov et al 2008)
- Slightly more favorable in Western compared to Eastern Germany
- Including the blue/white collar difference and the public/private health insurance difference, life expectancy in the lowest group was 12.5 years, in the highest group 20.0 years
- From 1995/96 to 2007/08, life expectancy at age 65 in Western Germany increased by 1.0 years for those with low incomes and by 2.5 years for those with high incomes; in Eastern Germany, the increase was 1.6 and 3.8 years (Kibele et al 2013)

An increasing longevity gap

- Life expectancy has been rising fastest for people with higher education or income, so the gap in longevity by socio-economic status has been increasing in Germany (Kibele et al 2013) and in the US (National Academies 2015)
- This is projected to continue into the future:
For the top half of U.S. earners, life expectancy at current normal age of retirement (67) is projected to increase by 11 years from the 1912 to the 1973 birth cohort, while for the bottom half it will remain unchanged (Baker & Rosnick 2010)

Summarizing the evidence

- Socio-economic status – income, occupation and/or education – strongly affects mortality (Whitehouse & Zaidi 2008)
 - The effects are generally larger for men than for women
 - Socio-economic status also strongly affects health limitations (Zajacova et al 2014)
 - The size of the mortality difference by socio-economic status has increased over time
- Pensions with standard unitary retirement ages are regressive
- Increasing retirement ages disproportionately punish the lower classes

Drivers and mechanisms

- Which dimensions of social stratification are decisive?
 - Education: choosing the good lifestyle
 - Occupation: unhealthy working conditions and work cultures
 - Status: chronic stress through discrimination
- Epidemiological research: importance of health behaviors (smoking, alcohol consumption, physical activity, diet...) (Nandi et al 2014, Chaix et al 2014)
- Critical periods (early childhood...) or cumulation of noxious effects across the whole life course?
- Vulnerability and resilience

Why are class conflicts not more salient?

(I) Changing institutions

- Loss of labor union power
- Weakening of class-based political parties
- Displacing conflicts towards identity cleavages
- Privatization and individualization of welfare
- Allocation of responsibility:
From collective to individual allocation of success and failure

Why are class conflicts not more salient?

(II) Allocation of responsibility

- Causes for differential longevity:
position in the stratification order – or freely-chosen life style?
 - Structure vs. agency in aging:
is every person free to live as she/he chooses?
- Oversocialized vs. undersocialized conception of the person
- Policy interventions:
Education and incentives for good choices – or/and accounting for bad outcomes?
- Perverse incentives: Rewarding unhealthy behavior?

3. Conclusion: Generations...

- Generational cleavages are substantial and growing
 - But they are (so far) mediated by political and family institutions
 - Generational mobilization is moreover inherently difficult
- It may occur if the mediating institutions are weakened

...or class?

- Class cleavages are substantial and growing
 - They become especially salient at older ages
 - Class mobilization is difficult because
 - class inequalities – such as in life expectancy – are (so far) hard to perceive
 - work and welfare are increasingly individualized
 - the emphasis on agency and choice favors individual over collective attribution
- It may occur if movements or parties take these cleavages on board (again)

Thank you!

Kohli, Martin. 2015. "Cleavages in aging societies: Generation, age, or class?" Pp. 327-51 in *The future of welfare in a global Europe*, edited by Bernd Marin. Farnham: Ashgate.